

# **Healthcare Distribution Alliance: An Introduction**

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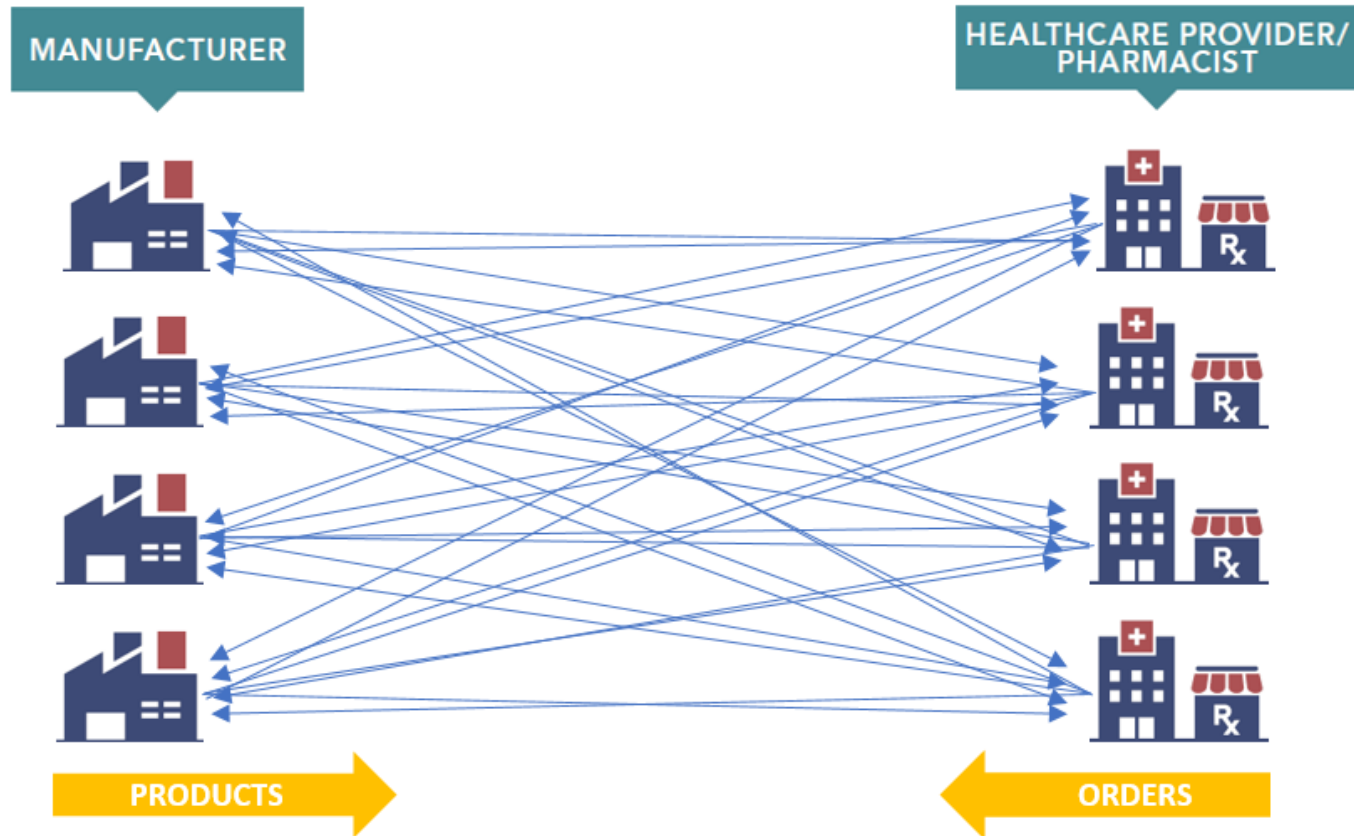
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Utah Health Reform Task Force  
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# **WHAT IS THE ROLE OF A WHOLESALE DISTRIBUTOR**

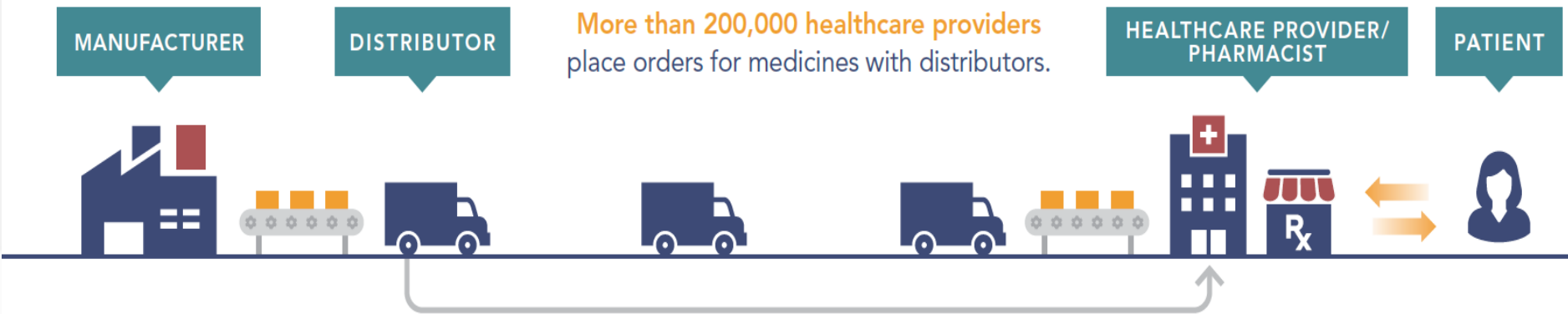
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# Supply Chain Without Pharmaceutical Distributors



# Pharmaceutical Distributors:

A vital link in the healthcare supply chain



Distributors deliver more than 15 million prescriptions a day, usually in 12 hours or less.

**DISTRIBUTORS ARE LOGISTICS EXPERTS.**

We do not manufacture, prescribe or promote medicines.

# Wholesale Distributors in Utah



- HDA members serve more than 2,000 customers across the state of Utah.
- HDA member employ over 200 residents in the state
- HDA members operate 3 facilities in the state, each licensed by the state Board of Pharmacy

# Delivering Savings & Efficiencies

Distributors provide between \$33 and \$53 billion in savings each year.



**Providing core benefits to the pharmaceutical supply chain by:**

- Consolidating orders
- Delivering products
- Processing returns
- Maintaining infrastructure to manage customer relationships



**Amplifying value across the healthcare ecosystem by:**

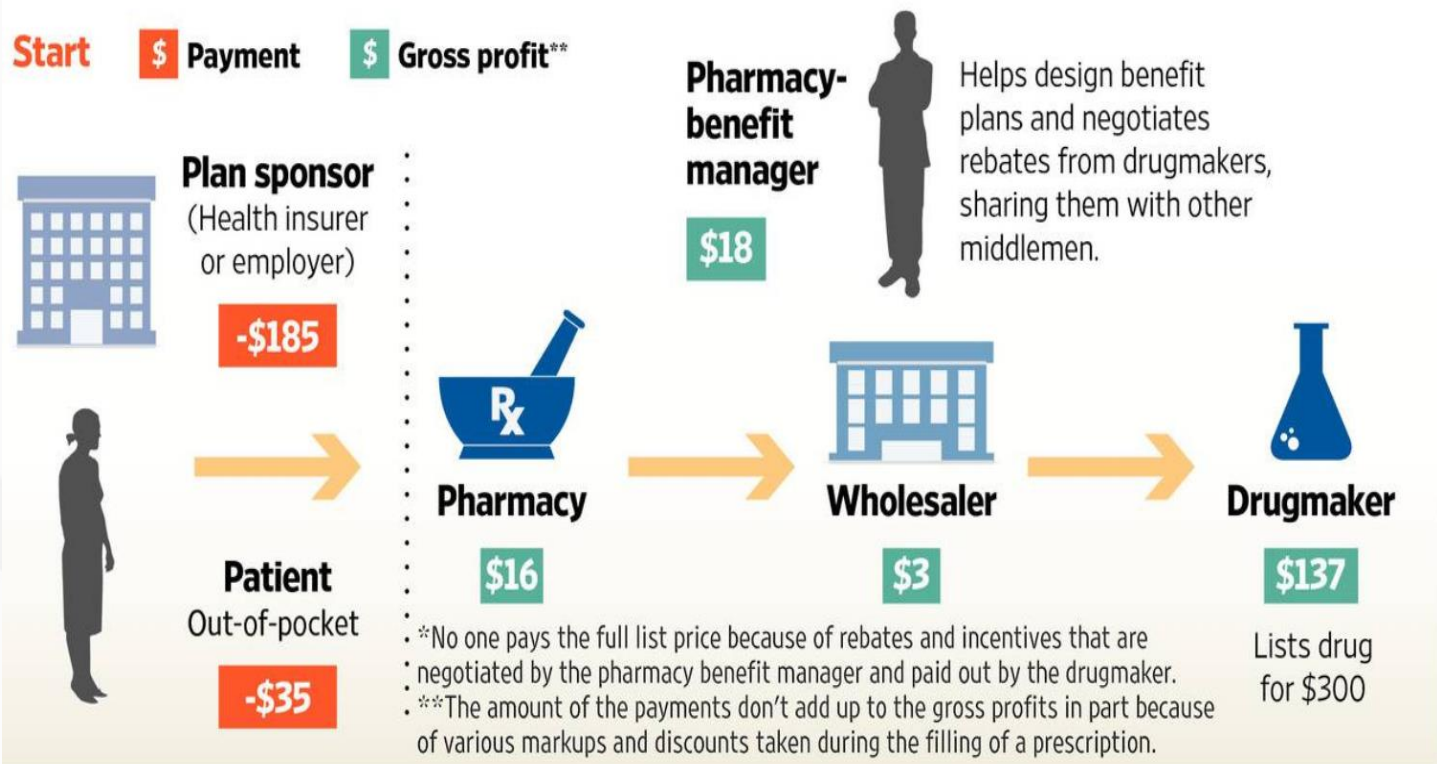
- Increasing operational efficiency
- Providing inventory management
- Bearing financial risk

# Delivering Savings & Efficiencies

- Pharmaceutical wholesale distributors primarily utilize a **fee-for-service model**.
- The pharmaceutical distribution model is a high value, high volume but very low margin industry. A recent analysis from Berkeley Research Group (BRG) shows the profit margin for a wholesaler is **less than one percent** of the cost of brand medicines. These findings are consistent with other reports, including analyses done by the *USC*, *PhRMA*, *Wall Street Journal* and *Kaiser Health News*.

# Supply Chain Profits Example

## \$300 Brand Name Drug



Sources: Pembroke Consulting; WSJ staff reports

THE WALL STREET JOURNAL.



# LEARN MORE

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[www.hda.org](http://www.hda.org)